



**ABAG PLAN CORPORATION
Risk Management Committee
Regular Meeting
Summary Minutes**

**Wednesday, January 30, 2008
101 Eighth Street
Oakland, CA 94607
Conference Room B**

Presiding

Larry Anderson

Jurisdiction

Burlingame

Committee Members Present

Julie Carter

Jeff Maltbie

Brian Dossey, for Laura Allen

Jeff Killian – by Teleconference

Kristi Chappelle - by Teleconference

LeeAnn McPhillips - by Teleconference

Sandy Abe - by Teleconference

Dublin

San Carlos

Colma

Millbrae

Foster City

Gilroy

Cupertino

Staff Present – ABAG PLAN Corporation

Marcus Beverly ABAG Plan Risk Manager

Gertruda Luermann ABAG Plan Risk Management Analyst

Consultants Present

Dennis Mulqueeney Alliant Insurance Services

Seth Cole Alliant Insurance Services

Shawn Kraatz Alliant Insurance Services

1. Call to Order

Larry Anderson called the meeting to order at 10:05 a.m. A quorum was present.

2. Public Comments

None

3. Approval of Minutes

April 24, 2007 Risk Management Committee meeting minutes approved with note that Julie Carter had attended in person.

/M/Maltbie/S/McPhillips/C/unanimously approved.

4. Election of Committee Chair

After brief discussion, Laura Allen was nominated by Julie Carter as Chair of the Risk Management Committee. The Committee approved the elections.

/M/Maltbie/S/Abe/C/unanimously approved.

5. Review of Risk Exposures & Treatment Options

Staff and consultants provided an overview of three risk exposures that have limited or no coverage under the property or liability programs and options for treatment

A. Pollution Remediation and Legal Liability

Shawn Kraatz of Alliant Insurance Services presented options for providing coverage for the pollution exposures excluded under the pooled programs. New GASB requirements have made municipalities focus on environmental pollution coverage, and current market conditions are favorable. A quote by XL was presented and after review and discussion, the Committee decided to start the application process to collect data in order to get a better understanding of members' interest. Alliant will provide the application and a summary of coverage and premiums for interested members, so staff can update the Committee at the next meeting.

B. Earthquake

Dennis Mulqueeney of Alliant Insurance Services presented a model of the pool's earthquake exposure based on industry standard software showing maximum losses the pool could expect in the case of an earthquake and the various coverage options. Current market conditions are favorable and forecasts for the near future remain so. Furthermore, the issue of FEMA reimbursements, time delays in reimbursements and general uncertainty around FEMA requirements were addressed. Dennis offered suggestions for alternative financing for this exposure, such as a loan program or setting up an earthquake pool. The Committee decided that staff should query members to evaluate interest in financing this exposure and provide an update at the next Board Meeting.

C. Flood

Marcus Beverly presented a report on the current property pool's exposure for losses in excess of \$100,000 and requested the Committee to review the options to not only reduce the pool's exposure but also to provide stability. Due to the changing deductible structure under the Excess Policy, the pool faces the potential of paying higher amounts for exposures with deductibles above \$100,000, such as for flood, certain unscheduled property and certain Boiler & Machinery.

Options to reduce the pool's exposure include limiting the pool's exposure to \$100,000 regardless of the deductible; increasing annual funding for all members to cover these exposures up to the respective deductibles; increasing funding for those members who face exposures with higher deductibles; or using current reserves for funding.

The Committee agreed to recommend to the Executive Committee an increase in funding by members with flood zone risks to cover the gap between \$100,000 and \$250,000, and to include other exposures with higher deductibles, i.e. Boiler & Machinery, in the general funding by all members.

/M/Anderson/S/Killian/C/approved unanimously by roll call.

6. Risk Management Program Update

Gertruda Luermann provided an update on the risk management program, including current spending, members' risk management activities, scorecard improvements, and training opportunities. Comments were provided by members for future activities.

7. Risk Management Information System (RMIS) RFP

Marcus Beverly presented a request to the Committee to approve issuing a Request For Proposals (RFP) to review options for updating or replacing our current claims operating software. Due to the need to move to a Web-based environment, staff recommends we take this opportunity to evaluate our options.

As PLAN's needs have grown, the data has expanded to include accounting and risk management data, and a program to accommodate this additional data as well as to provide other improvements, such as remote access, is desirable. Streamlining our claims processing and payment operations will also eliminate time, expense and the uncertainty of maintaining customization of the current program. This is particularly important in light of pending staff retirements.

After discussion, the Committee agreed to recommend proceeding with the RFP.
/M/Chapelle/S/Carter/C/unanimously approved.

8. Other Business:

None

9. Adjournment:

Larry Anderson adjourned the meeting at 12:40 pm.

Respectfully Submitted,



Marcus Beverly,
Risk Manager & Secretary
ABAG PLAN Corporation